

**UTAH ISSUES CENTER FOR POVERTY RESEARCH  
AND ACTION**

**(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**September 30, 2005**

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**WISAN, SMITH, RACKER & PRESCOTT, LLP**  
C E R T I F I E D   P U B L I C   A C C O U N T A N T S

**INDEPENDENT AUDITORS' REPORT**

**Board of Directors  
Utah Issues Center for Poverty Research and Action  
(a non-profit organization)  
Salt Lake City, Utah**

We have audited the accompanying statement of financial position of Utah Issues Center for Poverty Research and Action (a non-profit organization) as of September 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Issues Center for Poverty Research and Action as of September 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2006, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Wisan Smith Racker & Prescott, LLP*

Salt Lake City, Utah  
February 10, 2006

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**UTAH ISSUES CENTER FOR POVERTY RESEARCH AND ACTION**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2005**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 56,173	
Temporarily restricted cash	<u>215,095</u>	\$ 271,268
Receivables:		
Contracts and grants receivable	208,264	
Sales tax refund receivable	<u>1,176</u>	
Net receivables		<u>209,440</u>
<b>TOTAL CURRENT ASSETS</b>		<b>480,708</b>

**FURNITURE AND EQUIPMENT**

12,696

**TOTAL ASSETS**

**\$ 493,404**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 54,309	
Other payables	12,000	
Accrued expenses	19,916	
Deferred revenue	<u>29,651</u>	
<b>TOTAL CURRENT LIABILITIES</b>		<b>\$ 115,876</b>

**NET ASSETS**

Unrestricted	74,183	
Temporarily restricted	<u>303,345</u>	
<b>TOTAL NET ASSETS</b>		<b><u>377,528</u></b>

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 493,404**

*The accompanying notes are an integral part of the financial statements.*

**UTAH ISSUES CENTER FOR POVERTY RESEARCH AND ACTION**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended September 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Grants	\$ 684,538	\$ 42,651	\$ 727,189
Foundations and community groups	132,018	86,500	218,518
Member dues	55,452	-	55,452
Corporate contributions	113,936	99,000	212,936
Individual contributions	26,392	-	26,392
Interest income	123	536	659
Other income	26,970	-	26,970
In-kind donations	430	-	430
Net assets released from restrictions	57,041	(57,041)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>1,096,900</u>	<u>171,646</u>	<u>1,268,546</u>
<b>EXPENSES</b>			
Program services	947,170	-	947,170
Supporting services:			
Fundraising activities	15,999	-	15,999
Management and general	132,702	-	132,702
<b>TOTAL EXPENSES</b>	<u>1,095,871</u>	<u>-</u>	<u>1,095,871</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,029</u>	<u>171,646</u>	<u>172,675</u>
 Balance - beginning of year	 <u>73,154</u>	 <u>131,699</u>	 <u>204,853</u>
 Balance - end of year	 <u>\$ 74,183</u>	 <u>\$ 303,345</u>	 <u>\$ 377,528</u>

*The accompanying notes are an integral part of the financial statements.*

**UTAH ISSUES CENTER FOR POVERTY RESEARCH AND ACTION**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended September 30, 2005**

	<b>Economic Opportunity</b>			<b>Fiscal</b>	<b>General Poverty</b>	
	<b>IDA</b>	<b>Research &amp;</b>	<b>VITA</b>	<b>Analysis</b>	<b>Voter</b>	<b>Research &amp;</b>
	<b>Network</b>	<b>Education</b>		<b>Fiscal Analysis</b>	<b>Education</b>	<b>Education</b>
<b>UNRESTRICTED EXPENSES</b>						
Salaries and wages	\$ 35,000	\$ 3,500	\$ -	\$ 47,573	\$ 5,331	\$ 61,781
Employee benefits	5,692	569	-	8,936	674	12,028
Payroll taxes	2,904	268	-	4,120	487	5,356
Professional fees	-	-	790	1,120	100	2,255
Office supplies	3,538	2	812	1,484	10	1,452
Telephone	1,156	56	3,909	2,269	1,668	1,837
Postage	306	-	-	181	-	286
Rent	6,536	9	-	4,555	-	6,193
Equipment rental	649	119	-	400	116	736
Printing and publications	127	-	-	435	-	2,354
Travel	1,428	-	-	2,118	120	1,885
Interest expense	-	-	-	-	-	-
Depreciation and amortization	668	50	61	938	95	1,102
Miscellaneous	923	-	-	1,237	-	1,369
Dues and subscriptions	299	-	-	249	-	829
Training and education	758	-	-	6	-	263
Contract labor	694	-	-	9,788	-	574
Insurance	212	-	-	154	-	280
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 60,890</b>	<b>\$ 4,573</b>	<b>\$ 5,572</b>	<b>\$ 85,563</b>	<b>\$ 8,601</b>	<b>\$ 100,580</b>

*The accompanying notes are an integral part of the financial statements.*

**Program Services**

Events		Health		Housing and Homelessness			
Citizen's Day	Conference	Multicultural	Research &	Point in Time	Balance of State	Salt Lake	HMIS
		Health	Education		Cont. of Care	County	
\$ 1,094	\$ -	\$ 27,042	\$ 29,224	\$ 10,573	\$ 17,186	\$ 8,385	\$ 35,154
5	-	12,869	5,567	4,854	1,200	1,242	11,615
104	-	2,357	4,123	980	1,516	746	2,972
-	5,000	2,107	2,103	25	74	-	6,836
17,813	7,861	1,206	723	414	90	52	127,719
-	-	743	2,800	69	502	13	7,848
-	71	401	801	10	253	-	548
-	1,700	2,471	4,612	634	2,042	1,067	15,295
965	-	334	882	36	280	10	4,876
23	45	66	1,534	6	17	108	824
-	337	1,059	3,060	46	-	-	7,995
-	-	-	-	-	-	-	-
228	271	572	666	4,924	268	301	168
-	3,154	775	2,263	-	-	-	74
450	6,075	16	163	3	11	-	175
-	-	5	327	1	4	-	1,749
198	220	61	488	1,114	3,894	3,500	219,707
-	-	71	1,468	8	119	-	1,999
<u>\$ 20,880</u>	<u>\$ 24,734</u>	<u>\$ 52,155</u>	<u>\$ 60,804</u>	<u>\$ 23,697</u>	<u>\$ 27,456</u>	<u>\$ 15,424</u>	<u>\$ 445,554</u>

Support

<u>Lobbying</u>	<u>Total Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Support</u>	<u>Total Expenses</u>
9,360	\$ 291,203	\$ -	\$ 78,136	\$ 78,136	\$ 369,339
225	65,476	-	23,960	23,960	89,436
873	26,806	-	15,774	15,774	42,580
-	20,410	-	135	135	20,545
112	163,288	-	720	720	164,008
1	22,871	-	736	736	23,607
-	2,857	1,542	136	1,678	4,535
-	45,114	-	2,514	2,514	47,628
-	9,403	-	586	586	9,989
-	5,539	14,281	153	14,434	19,973
-	18,048	-	-	-	18,048
-	-	-	628	628	628
116	10,428	176	1,456	1,632	12,060
-	9,795	-	6,460	6,460	16,255
-	8,270	-	881	881	9,151
-	3,113	-	427	427	3,540
-	240,238	-	-	-	240,238
-	4,311	-	-	-	4,311
<u>10,687</u>	<u>\$ 947,170</u>	<u>\$ 15,999</u>	<u>\$ 132,702</u>	<u>\$ 148,701</u>	<u>\$ 1,095,871</u>

**UTAH ISSUES CENTER FOR POVERTY RESEARCH AND ACTION**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENT OF CASH FLOWS**  
**Year ended September 30, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net increase in assets		\$ 172,675
Adjustments to reconcile increase in net assets to net cash flows from operating activities:		
Depreciation	\$ 12,060	
In-kind donations	(430)	
(Increase) decrease in assets:		
Contracts and grants receivable	(8,827)	
Sales tax refund receivable	(301)	
Increase (decrease) in liabilities:		
Accounts payable	31,221	
Other payables	44	
Accrued expenses	(30,668)	
Deferred revenue	17,651	20,750
Net cash flows from operating activities		<u>193,425</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash from disposal of furniture and equipment	<u>80</u>	
Net cash flows from investing activities		<u>80</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	193,505
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>77,763</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 271,268</u>
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*The accompanying notes are an integral part of the financial statements.*

**UTAH ISSUES CENTER FOR POVERTY RESEARCH AND ACTION**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Utah Issues Center for Poverty Research and Action (Utah Issues) conform to U.S. generally accepted accounting principles. The following policies are considered to be significant:

**Organization**

Utah Issues was organized in 1973 as a Utah non-profit organization. As such, it is exempt from federal income tax under Internal Revenue Code Section 501(c)(3).

**Nature of Activities**

Utah Issues provides the information and expertise necessary to enable low and moderate income residents to effectively impact the decision-making process within society, primarily in the State of Utah.

Utah Issues receives support from government, foundations and corporate grants and is economically dependent on the continuation of such funding.

**Income Recognition**

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized and reported when they are earned and when the amount and timing of the revenue can be reasonably estimated. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Financial Statement Presentation**

Utah Issues is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets in accordance with existing donor restrictions as noted above. As of September 30, 2005, Utah Issues had no permanently restricted net assets.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. In these financial statements, assets, liabilities, and revenues and expenses involve reliance on management's estimates. Actual results could differ from those estimates.

**UTAH ISSUES CENTER FOR POVERTY RESEARCH AND ACTION**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Concentrations of Credit Risk*

Utah Issues' financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash investments and receivables.

Utah Issues maintains its cash balances at a financial institution. At times such balances may exceed federally insured limits. Utah Issues has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Receivables are due primarily from government agencies and are considered fully collectible. As of September 30, 2005, Utah Issues had no significant concentrations of credit risk on receivables.

*Government Grants Receivable*

Government grants receivable are reported at the amount management expects to collect on balances outstanding at year end. Grants are appropriated on a cost reimbursement basis and are considered fully collectible.

*Furniture and Equipment*

Furniture and equipment are recorded at cost. Utah Issues capitalizes all furniture and equipment expenditures in excess of \$500.

*Depreciation*

Depreciation expense is computed principally on the straight-line method in amounts sufficient to write off the cost of depreciable assets over their estimated useful lives.

Normal maintenance and repair items are charged to expenditures as incurred. The cost and accumulated depreciation of furniture and equipment sold or otherwise retired are removed from the accounts and gain or loss on disposition is reflected in net revenue in the period of disposition.

*Contributed Services*

During the year ended September 30, 2005, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks in connection with Utah Issues' activities, but these services do not meet the criteria for recognition in the financial statements as contributed services.

**UTAH ISSUES CENTER FOR POVERTY RESEARCH AND ACTION**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2005**

**NOTE 1- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Sponsorship of Events*

During the normal course of operations, Utah Issues receives sponsorship support in exchange for acknowledgement of the sponsor's name, logo, or product line in connection with the organization's activities.

*Expense Allocation*

Expenses are charged directly to program services on the statement of functional expenses. Expenses which are not specifically chargeable to certain programs are allocated based on management's estimates of the proportion of total resources required by each program service.

**NOTE 2 - TEMPORARILY RESTRICTED CASH AND NET ASSETS**

Substantially all of the restrictions on cash and net assets at the end of 2005 are related to funds raised for Individual Deposits Accounts (IDA) program through corporate and foundation sponsorship. The IDA program allows disadvantage individuals to receive a 3 to 1 match for every dollar saved in the program's accredited financial institution. The funds are released from restriction when the participant meets the savings goal established by the program and the donors.

**NOTE 3 - FURNITURE AND EQUIPMENT**

Furniture and equipment as of September 30, 2005 are detailed in the following summary:

Cost:

Furniture and fixtures	\$ 49,367
Leasehold improvements	<u>7,212</u>
	56,579
Less accumulated depreciation	<u>(43,883)</u>
Net book value	<u>\$ 12,696</u>

**NOTE 4 - OPERATING LEASE**

Utah Issues leases office space under an agreement which expires in 2006. Rental expense under that agreement totaled \$41,173 for the year ended September 30, 2005. Lease payments for 2006 will total \$31,644.

**UTAH ISSUES CENTER FOR POVERTY RESEARCH AND ACTION  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2005**

**NOTE 5 - RETIREMENT PLAN**

Utah Issues sponsors a 403(b) tax sheltered annuity plan. All full-time employees who have completed six months of service are eligible to participate. Employees can elect to defer part of their compensation into the 403(b) tax sheltered annuity plan. Utah Issues has the option of making a matching contribution not to exceed 2% of compensation. Contributions made by Utah Issues amounted to \$5,565 for the year ended September 30, 2005.

**WISAN, SMITH, RACKER & PRESCOTT<sup>LLP</sup>**  
C E R T I F I E D   P U B L I C   A C C O U N T A N T S

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**Board of Directors  
Utah Issues Center for Poverty Research and Action  
(a non-profit organization)  
Salt Lake City, Utah**

We have audited the financial statements of Utah Issues Center for Poverty Research and Action (a non-profit organization) (Utah Issues) as of and for the year ended September 30, 2005, and have issued our report thereon dated February 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting** - In planning and performing our audit, we considered Utah Issues' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters** - As part of obtaining reasonable assurance about whether Utah Issues' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Utah Issues in a separate letter dated February 10, 2006.

This report is intended solely for the information and use of the executive committee, management, others within the organization and funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Wisan Smith Racker & Prescott, LLP*

Salt Lake City, Utah  
February 10, 2006

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